

## **Chapter 1**

# **Overview**

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## **1.1 Program Overview**

NSLDS is the first comprehensive national database of information about the Federal financial aid history of recipients of student financial assistance authorized under Title IV of the Higher Education Act of 1965, as amended. As the central database for all Title IV student financial aid, NSLDS stores information about loans, grants, students, borrowers, lenders, guaranty agencies (GAs), schools, and servicers. It provides an integrated view of Title IV loans and grants during all stages of their life cycle from aid approval through disbursement, repayment, delinquency, and closure. The three main goals of the NSLDS are:

1. To improve the quality and accessibility of student financial aid data
2. To reduce the administrative burden of Title IV aid
3. To minimize abuse within aid programs by accurately tracking funds appropriated to assist postsecondary students

### **1.1.1 Database Contents**

NSLDS processes and maintains data pertaining to the following Title IV programs:

- Federal Family Education Loan Program (FFELP)
  - Federal Stafford Loans
  - Federal Unsubsidized Stafford Loans
  - Federal Supplemental Loan for Students (SLS)
  - Federal Consolidation Loans
  - Federal PLUS Loans
  - Refinanced Loans
- Campus-based Programs
  - Perkins Loans/National Direct Student Loans/National Defense Student Loans
  - Income Contingent Loans (ICL)
  - Supplemental Educational Opportunity Grant (SEOG)
  - Perkins Extended Loan Option
- Pell Grants
- Federal Direct Loan Program (FDLP)
  - Federal Direct Stafford Loans
  - Federal Direct Unsubsidized Stafford Loans

- Federal Direct Consolidation Loans
- Federal Direct Unsubsidized Consolidation Loans
- Federal Direct PLUS Loans
  
- Federally Insured Student Loans (FISL)
  
- Student Enrollment Data
  
- Overpayments (Pell, Perkins, and FSEOG)

As of March 4, 2004, NSLDS contains more than 5.6 billion records concerning:

- 51,404,315 Students
- 171,458,548 Direct, FFEL, and Perkins Loans
- 44,778,581 Pell Grants
- 36,431 School Branches
- 18,380 Schools
- 31,355 Lenders
- 60 Guaranty Agencies (36 active)

## 1.1.2 Interfaces

NSLDS interfaces with the following systems and individual entities:

- **Central Processing System (CPS)**—CPS sends NSLDS a daily prescreening feed identifying applicants for new or additional Title IV aid. NSLDS returns to CPS financial aid history data for any applicant found in the NSLDS database. Also, CPS submits demographic data on a daily basis. NSLDS also notifies CPS when eligibility has changed using the postscreening process. ISIRs are also generated.
  
- **Debt Collection System (DCS)**—DCS sends NSLDS a weekly file containing data on all loans held by ED in the Debt Collection System portfolio, including FISLs, Perkins loans, FDLP loans, and FFELP loans.
  
- **Postsecondary Education Participants System (PEPS)**—PEPS sends NSLDS a daily file containing updates to the ED school table. NSLDS computes and stores official school cohort default rates and sends them to PEPS for storage. NSLDS also provides a means to convert Pell Institution codes, FFEL School IDs, and Campus-Based School codes to OPEIDs. NSLDS provides ED users with a Web page detailing current school information.

- **Direct Loan Servicing System (DLSS)**—DLSS sends NSLDS a weekly file containing data on Direct loans from first disbursement until they are repaid or reported to NSLDS with a closed status. In turn, NSLDS sends Enrollment Reporting data to DLSS.
- **Pell Grant Recipient Financial Management System (PGRFMS), Recipient Financial Management System (RFMS), and Common Origination and Disbursements (COD)**—PGRFMS, RFMS, and COD each send NSLDS a daily feed containing data on Federal Pell grants.
- **Lender Reporting System (LaRS)**—LaRS sends NSLDS a daily file that contains the lender, lender code, demographic data, interest rate, and special allowances.
- **Guaranty Agencies (GAs)**—GAs, or their servicers, send NSLDS at least one monthly feed containing data on FFELP loans held by lenders or by the GA itself. In turn, NSLDS sends Enrollment Reporting data to GAs. NSLDS sends Payment of Loan Processing Issuance Fee (LPIF), Account Maintenance Fee (AMF), and Reasonability data periodically to GAs.
- **Schools**—Schools, or their servicers, send NSLDS data on Perkins loans, on Pell, Perkins, and FSEOG overpayments, and on student enrollment status.
- **Lender/Lender Servicers**—Lenders or Lender Services can now access NSLDS information through the Web site.
- **State Agencies**—State agencies can now access NSLDS information through the Web site.

### 1.1.3 Functions

NSLDS performs the following loan administration functions:

- **Prescreening for Title IV Aid Eligibility**—NSLDS prescreens all FAFSAA applicants for Title IV Aid to identify applicants, who are in default on an existing Title IV loan; who owe overpayments on Pell grants, FSEOGs, or Perkins loans; or who already borrowed the maximum amount allowed under individual or cumulative loan limits.
- **Postscreening for Title IV Aid Eligibility**—NSLDS postscreens Title IV aid applicants to identify applicants whose eligibility status has changed since the time of their original aid application.
- **Aid Overpayment**—The Web Aid Overpayment function allows data providers to update NSLDS when a student owes or repays an overpayment on a Pell grant, FSEOG, or Perkins loan.

- **Cohort Default Rate Calculations**—NSLDS calculates and stores annual default rates for schools, lenders, and GAs participating in the FFELP and FDLP and calculates a National default rate for each cohort year. NSLDS makes these rates available online to selected ED and school users.
- **Repayment (Notional) Information**—NSLDS provides summary and detail student repayment information for informational purposes.
- **Enrollment Reporting**—NSLDS generates and sends student enrollment status reports to schools. Schools, or their servicers, respond to the report either online or by batch submission. NSLDS then updates its database to reflect any changes in student enrollment status and forwards enrollment status change data to the loan-holding community.
- **Preparation of Financial Aid History (FAH) Information**—NSLDS generates FAH information and forwards it to CPS as part of the prescreening process. NSLDS also generates FAH information outside the prescreening process in response to ad hoc requests from schools. These requests can be made online or by batch submittal.
- **Web Inquiries**—NSLDS supports Web sites for schools, GAs, state agencies, lenders and students to view NSLDS data.
- **Transfer Student Monitoring**—NSLDS receives school profile and transferring student information via web pages and/or batch programs. NSLDS monitors each of these students for specific changes in loan status. NSLDS reports these changes to schools via web pages or batch programs. Alert emails are provided.
- **Online Loan Update**—NSLDS allows Guaranty Agencies to update their loan data via the Web. This instantaneous update feature helps to reduce the turnaround time for correction of errors.
- **Customer Care Center (CCC)**—NSLDS personnel from the help desk, InfoCenter, Data Provider Operational Support Unit, and Quality Assurance document, research, negotiate, and resolve NSLDS data conflict.

NSLDS performs the following operations support functions:

- **Audit and Program Review Planning**—NSLDS supplies ED auditors and program reviewers with data on specific organizations and on key indicators used to schedule audits and program reviews for maximum effectiveness.
- **Research Studies and Policy Development**—NSLDS supports both long-term research studies and short-term policy development by providing ED with current national, loan-level, grant-level, and student-level data.



- **Budget Analysis and Development**—NSLDS provides data on loan program performance used to develop assumptions for estimating the seven-year budget used as input to the President’s budget each year. This data is also used to answer budget-related questions and to support what-if analyses.
- **Loan Transfer Tracking**—NSLDS preserves historical data on loan holders and loan sales dates used to understand secondary market activity, identify potential problems with loan program participants, assist borrowers in locating lenders or GAs associated with their loans, and assessing the administration and billing practices of Title IV loan programs.
- **Monitoring GA and Lender Billings for Reasonability**—NSLDS supplies ED personnel with the detail-level information needed to assess the reasonability of billings from GAs and lenders, based upon changes in loan portfolios, loan status, loan balance information, and other loan details.
- **Payment of Loan Processing Issuance Fee (LPIF) and Account Maintenance Fee (AMF) to GAs**—NSLDS provides summarized data about new guarantees, cancellations, and disbursements that support the LPIF payment by Financial Management System (FMS). NSLDS also provides data about Original Principal Balance on open loans that supports AMF payments by FMS.
- **Assessment of FFELP, FDLP, and Other Program Administration**—NSLDS supplies data used in short- or long-term studies aimed at determining the effectiveness of particular loan program practices.
- **Federal Receivables**—NSLDS calculates on a quarterly basis the outstanding principal and interest balances of defaulted loans held by Guaranty Agencies. The information is used by ED CFO to determine the reasonability of line item MR–32 from Guaranty Agency Financial Report (aka Forms 2000) as compared to data reported to and maintained by NSLDS. The summary numbers are maintained by the GA Summary Table of NSLDS, a quarterly spreadsheet is sent to CFO indicating total principal and interest by GA, and GAs are automatically sent backup detail as justification for the calculation.
- **Freedom of Information Act (FOIA) Requests**—NSLDS fills FOIA requests.

In addition to these specific operation support functions, NSLDS also performs the following more general operations support functions:

- Support prevention and resolution of data errors
- Preserve data security and confidentiality in keeping with the Privacy Act of 1974
- Incorporate and support data standardization
- Meet data currency requirements
- Meet performance and response standards

- Maintain a training database
- Maintain demographic data
- Generate statistically valid extracts of the production database
- Provide support for Web site access
- Interface with Government-provided telecommunications links
- Provide output in formats that support executive information systems
- Provide Subject Matter Experts to interface with user community and to provide input for new functionality

Figure 1–1 presents specific NSLDS functions and the Government entities that use them.

Government Entity	Acronyms	Prescreening and Postscreening for Title IV Aid Eligibility	Default Rate Calculation	Monitoring GA & Lender Billings for Reasonability	Support Research Studies & Policy Development	ED Budget Analysis and Development	Audit and Program Review Planning	Assessment of FFEL Program Administration By GAs, Schools, Lenders
Analysis & Forecasting Div.	OPE/PTAS/AFD				X	X		
Applicant Systems Division	OPE/PSS/ASD	X						
Credit Mgt. Improvement Staff	OM/CFO/CMIS					X		
Div. of Planning & Eval. Svcs.	OM/CFO/BSD/DPES				X	X		
Field Operations Service	OPE/FOS						X	
General Accounting Office	GAO							
GA & Lender Oversight Staff	OPE/GLOS		X				X	
Institutional Monitoring System	OPE/IPOS/IMD		X				X	
Institutional Participation Div.	OPE/IPOS/IPD				X			
Office of General Council	OGC				X			
Office of Inspector General	OIG				X		X	
Office of Mgt. & Budget	OMB				X	X		
Policy Development Div.	OPE/PTAS/PPD				X	X		
Postsecondary Analysis Div.	OM/CFO/PAD					X		X
Postsecond. Educ. Participant Sys.	OPE/PSS/DID/PEPS		X					
Program Budget Execution Br.	OM/CFO/FSD/PBEB							
Program Systems Service	PSS			X				
Student Receivable Division	DCS/SRD							
Training & Program Info. Div.	OPE/PTAS/TPID				X			
Quality Improvement & Operations Planning Staff	OPE/QIOPS				X			
OTHERS								
System Coordination Branch	SCB	X						
System Planning Branch	SPB		X					
Acctng. & Finance Mgt. Section	AFMS			X				
Office of Ed. Research & Improv.—Nat'l. Ctr. for Ed. Stats.	OERI/NCES				X			

Figure 1–1, NSLDS Functions and ED Business Organizations

## 1.2 NSLDS User Tools

NSLDS provides its users with products designed to provide efficient access to NSLDS data for a variety of user levels and purposes.

- **NSLDS World Wide Web Site**—The NSLDS Web site at [www.nslsdfap.ed.gov](http://www.nslsdfap.ed.gov) is the main user access point for the system. This site allows users to view NSLDS information and to perform online updates. NSLDS User Documentation can be obtained online at <http://www.ifap.ed.gov>.
- **On-Request and Scheduled Batch Reports**—Many reports have been programmed and are available to the user either on a fixed schedule or on request. The user may set selection parameters and sort sequences.
- **Query Management Facility (QMF)**—QMF is an end-user, ad hoc query tool for selecting, sorting, and reporting NSLDS data. QMF uses the industry standard Structured Query Language (SQL) to manipulate NSLDS data. QMF queries, data, and report forms can be packaged as procedures, saved, and shared by end users.
- **Report Management and Distribution System (RMDS)**—RMDS allows users to browse reports online, share them with other authorized users, and print them. Users can route the output of ad hoc queries to RMDS to create online reports. Users can also route reports to a magnetic tape, SAIG mailbox, or data set for downloading later to a PC.

